

# **EXHIBIT D**

**Lockheed Martin Missiles and Fire Control - Orlando**  
5600 Sand Lake Road, MP-121 Orlando, Florida 32819-8907



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Delphi  
Connection Solutions  
17150 Von Karman Avenue  
Irvine, CA 92614

Attention: Douglas Ginesi, Contracts and Export Compliance Manager

Subject: Longbow Flex Harness Part Number 13587576 Program Damages

Dear Mr. Ginesi:

Lockheed Martin Missiles and Fire Control (LMMFC) has evaluated the impact due to the subject part number failing in its Longbow system. The estimate of the cost impact due to schedule slip and rework amounts to \$1,185,000. LMMFC would like to meet with Delphi Connection Solutions (DCS) at your earliest convenience to discuss DCS liability for this impact.

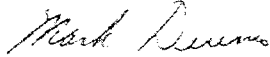
DCS has provided the subject part for the entirety of LMMFC's Longbow Multi-Year Program and various other sales since 2000. In 2004, DCS changed the manufacturer of part number 13587575, one of the appendages to 13587576, from a DCS make to a buy item from Parlex Corporation. Soon thereafter, LMMFC started experiencing a high rate of failure at a higher assembly. Once LMMFC investigated the issue, it was observed that the harness was tearing producing an open circuit causing the failure. The harnesses that were failing were from the date codes that included the Parlex appendage for part number 1358755; consequently DCS, Parlex, DuPont and LMMFC worked together to determine the cause for the failure. Since Parlex could not produce verifiable evidence of its process, the team could only develop the most probable cause. The team determined that the most probable cause was induced from a heat related event and most likely occurred in the Parlex autoclave.

LMMFC issued stocksweeps in two LMMFC facilities, Ocala and Troy, and requested Northrop Grumman to also initiate a stocksweep at its facility. These stocksweeps encompassed 198 missiles and 244 sensor groups. LMMFC located 163 of the 164 harnesses with the Parlex appendage in various stages of incorporation into the Longbow Missile. Through the team's effort and analysis from DCS and LMMFC, it was determined that only the harnesses that were darker in color presented risk of failure to the Longbow system. This equated to 70 harnesses that required rework. This effort saved DCS from having to rework all 163 harnesses.

The cost impact occurred due to failure analysis activities, tear down and rebuild of guidance sections and missiles. These activities have caused a three month schedule slip. LMMFC's estimated additional costs stemming from this defective DCS hardware is \$1,185,000.

LMMFC is also faced with requesting a schedule extension from the US Government for the last production buy of the US Army's Longbow Multiyear Contract. The Government, in all cases when schedule extension is sought, will demand consideration for this extension as well as repair of missiles outside warranty, should a future failure occur related to missiles fielded with the "light colored" harness.

Please recommend when you would be prepared to come to Orlando to address this issue. If you have any questions, they can be addressed to the undersigned at (407) 356-7090.



Mark Deremo  
AGMS Procurement Manager  
Lockheed Martin Missiles and Fire Control